



Financial Statements

Dartmouth General Hospital Charitable Foundation

March 31, 2016

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# Independent auditor's report

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To the directors of  
**Dartmouth General Hospital Charitable Foundation**

We have audited the accompanying financial statements of Dartmouth General Hospital Charitable Foundation, which comprise the statement of financial position as at March 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## Basis for qualified opinion

In common with many not-for-profit organizations, the Foundation reports revenue from special events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were unable to determine whether any adjustments for unrecorded revenue might be necessary to special events revenue, donations, excess of revenue over expenses, cash flows from operations for the years ended March 31, 2016 and 2015, current assets as at March 31, 2016 and 2015, and net assets as at April 1, 2015 and March 31, 2016. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

**Qualified opinion**

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Dartmouth General Hospital Charitable Foundation as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Halifax, Canada  
September 16, 2016



Chartered Professional Accountants

# Dartmouth General Hospital Charitable Foundation

## Statement of operations

Year ended March 31

2016

2015

	<u>Actual</u>	<u>Actual</u>
Revenue		
Donations (Note 7)	\$ 491,937	\$ 269,527
Investment income (Note 8)	771,450	881,210
Other income	9,979	30,611
Parking, net (Note 9)	403,611	425,523
Special events, net (Note 10)	168,323	181,397
Television rentals	57,864	68,407
	<u>1,903,164</u>	<u>1,856,675</u>
Expenses		
Accounting	14,540	13,972
Fundraising and office (Note 11)	57,502	68,775
Investment management fees	66,677	64,686
Miscellaneous (Note 12)	36,767	18,947
Professional fees	18,184	18,030
Salaries and benefits	298,114	225,587
	<u>491,784</u>	<u>409,997</u>
Excess of revenue over expenses, before distributions and unrealized (loss) gain due to change in market value of investments	1,411,380	1,446,678
Distributions (Note 13)	<u>314,733</u>	<u>1,157,425</u>
Excess of revenue over expenses, after distributions and before unrealized (loss) gain due to change in market value of investments	1,096,647	289,253
Unrealized (loss) gain due to change in market value of investments	<u>(864,291)</u>	<u>655,503</u>
Excess of revenue over expenses	<u>\$ 232,356</u>	<u>\$ 944,756</u>

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## Dartmouth General Hospital Charitable Foundation

### Statement of changes in net assets

Year ended March 31

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		Externally Restricted				
	Internally Restricted Capital Fund	Palliative Care Fund	Cardiology Education Fund	Unrestricted	2016	2015
Balance, beginning of year	\$ 132,383	\$ 61,127	\$ 5,803	\$ 15,927,458	<b>\$ 16,126,771</b>	\$ 15,182,015
Excess (deficiency) of revenue over expenses	<u>(33,064)</u>	<u>3,825</u>	<u>-</u>	<u>261,595</u>	<b><u>232,356</u></b>	<u>944,756</u>
Balance, end of year	<u>\$ 99,319</u>	<u>\$ 64,952</u>	<u>\$ 5,803</u>	<u>\$ 16,189,053</u>	<b><u>\$ 16,359,127</u></b>	<u>\$ 16,126,771</u>

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# Dartmouth General Hospital Charitable Foundation

## Statement of financial position

March 31

2016

2015

### Assets

#### Current

Cash and cash equivalents	\$ 757,711	\$ 528,016
Receivables (Note 3)	95,363	22,495
Prepays	<u>7,781</u>	<u>4,116</u>
	860,855	554,627

Investments, at market value (Note 4) 17,476,685 17,644,228

Capital assets (Note 5) 99,319 132,383

\$ 18,436,859 \$ 18,331,238

### Liabilities

#### Current

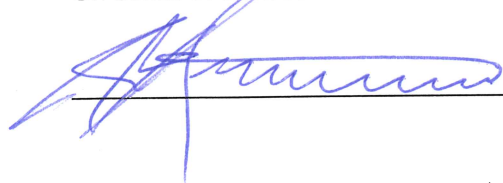
Payables and accruals	\$ 33,897	\$ 58,521
Deferred revenue	3,500	-
Payable to the Nova Scotia Health Authority	<u>2,040,335</u>	<u>2,145,946</u>
	<u>2,077,732</u>	<u>2,204,467</u>

### Net assets

Internally restricted – invested in capital assets	99,319	132,383
Externally restricted	70,755	66,930
Unrestricted	<u>16,189,053</u>	<u>15,927,458</u>
	<u>16,359,127</u>	<u>16,126,771</u>

\$ 18,436,859 \$ 18,331,238

On behalf of the Board



Chairman



Treasurer

# Dartmouth General Hospital Charitable Foundation

## Statement of cash flows

Year ended March 31

2016

2015

Increase (decrease) in cash and cash equivalents

### Operating

Excess of revenue over expenses	\$ 232,356	\$ 944,756
Depreciation	33,064	33,064
Unrealized loss (gain) due to change in market value of investments	864,291	(655,503)
Gain on sale of investments	(12,778)	(77,697)
	<u>1,116,933</u>	<u>244,620</u>
Change in non-cash operating working capital (Note 14)	(203,268)	372,145
	<u>913,665</u>	<u>616,765</u>

### Investing

Purchases of investments	(755,344)	(1,133,512)
Proceeds on sale of investments	71,374	398,800
	<u>(683,970)</u>	<u>(734,712)</u>

Net increase (decrease) in cash and cash equivalents 229,695 (117,947)

Cash and cash equivalents

Beginning of year	<u>528,016</u>	<u>645,963</u>
End of year	<u>\$ 757,711</u>	<u>\$ 528,016</u>



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# Dartmouth General Hospital Charitable Foundation

## Notes to the financial statements

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March 31, 2016

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### 1. Purpose of organization

The Dartmouth General Hospital Charitable Foundation (the "Foundation") works in close partnership with individuals, corporations, foundations, service organizations, and government to secure funding to support the patient care capital improvement requirements of the Dartmouth General Hospital, a site of the Nova Scotia Health Authority ("NSHA").

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### 2. Summary of significant accounting policies

The Foundation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant policies are detailed as follows:

#### **Fund accounting**

The Unrestricted fund accounts for the Foundation's fundraising activities and other unrestricted contributions.

The Restricted funds account for contributions which have been externally restricted for a specified purpose by the contributor. The contributions are recorded in the appropriate fund based on the external restrictions associated with them.

The Capital fund accounts for capital assets, including their acquisition, depreciation and disposal. Contributions to the capital fund are internally restricted.

#### **Revenue recognition**

The Foundation follows the deferral method of accounting for its contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related acquired capital assets. Restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets in the Capital fund. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income that is not externally restricted is recognized as it is earned in the statement of operations. Net investment income that is externally restricted is recognized as direct increases or decreases in net assets in the appropriate restricted fund.

Parking, special event and television rentals revenue are recognized as the related service is provided and collection is reasonably assured. Amounts received in advance of the service being provided are recorded as deferred revenues.

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# Dartmouth General Hospital Charitable Foundation

## Notes to the financial statements

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March 31, 2016

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### 2. Summary of significant accounting policies (continued)

#### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The rates and basis of depreciation applied to write off the cost of equipment over their estimated useful lives are as follows:

Equipment and software	5 years straight-line
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When a capital asset no longer has any long term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

#### Contributed services and materials

Volunteers contribute many hours annually to assist the Foundation in carrying out its service delivery and fundraising activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. During the year, contributed materials and gifts-in-kind were received in the amount of \$61,210 (2015 - \$76,174), the value of which has not been recorded in the financial statements.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, net of indebtedness, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities. Cash balances are unrestricted.

#### Use of estimates

In preparing the Foundation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Estimates include the useful lives of capital assets, allowance for doubtful accounts and fair market value of investments.

#### Financial instruments

##### *Initial measurement*

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### *Subsequent measurement*

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation has also irrevocably elected to measure its investments in fixed income securities at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in fixed income securities are recorded in the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals, and payable to NSHA.

# Dartmouth General Hospital Charitable Foundation

## Notes to the financial statements

March 31, 2016

### 2. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments, except for investments which are subject to foreign currency, interest rate and market risk. Investments held are managed by professional investment managers in accordance with investment policy established and monitored by the Foundation.

#### Income taxes

The Foundation is a not-for-profit organization and as such, is not subject to income taxes.

<b>3. Receivables</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Trade receivable	\$ 72,099	\$ 4,308
HST rebate	<u>23,264</u>	<u>18,187</u>
	<b><u>\$ 95,363</u></b>	<b><u>\$ 22,495</u></b>

<b>4. Investments, at market value</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Pooled funds	<b><u>\$ 17,476,685</u></b>	<b><u>\$ 17,644,228</u></b>

<b>5. Capital assets</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>Net</u></b>	<b><u>Net</u></b>
	<b><u>Book Value</u></b>	<b><u>Book Value</u></b>
Equipment and software	<u>188,357</u>	<u>132,383</u>
	<u>89,038</u>	
	<b><u>\$ 188,357</u></b>	<b><u>\$ 132,383</u></b>
	<b><u>\$ 89,038</u></b>	
	<b><u>\$ 99,319</u></b>	

### 6. Internally imposed restrictions

The Foundation has committed to funding certain equipment for the Dartmouth General Hospital, a site of NSHA. Donations made for specific purposes are restricted towards their specified use. The Foundation funds any shortfall for commitments made from unrestricted net assets. In 2016, there were no such restrictions.

# Dartmouth General Hospital Charitable Foundation

## Notes to the financial statements

March 31, 2016

<b>7. Donations</b>	<u>Budget</u> (unaudited)	<b>2016</b> <u>Actual</u>	<b>2015</b> <u>Actual</u>
Major gifts	\$ 132,000	\$ 83,782	\$ 83,877
Unrestricted	20,000	8,596	12,944
Restricted	-	3,825	-
Direct mail/Newsletter (Echo/Telemetry)	90,000	90,739	90,301
Bequests	200,000	239,455	20,385
Memoriam	21,000	20,595	16,492
Major Equipment Campaign			
Pledge payments	-	40,000	40,000
New gifts	-	4,945	5,528
	<u>\$ 463,000</u>	<u>\$ 491,937</u>	<u>\$ 269,527</u>

<b>8. Investment income</b>	<b>2016</b>	<b>2015</b>
Interest	\$ 239,508	\$ 225,729
Dividends	519,164	577,784
Gain on sale of investments	<u>12,778</u>	<u>77,697</u>
	<u>\$ 771,450</u>	<u>\$ 881,210</u>

<b>9. Parking</b>	<u>Budget</u> (unaudited)	<b>2016</b> <u>Actual</u>	<b>2015</b> <u>Actual</u>
Gross revenue	\$ 575,000	\$ 545,088	\$ 562,355
Transportation & infrastructure renewal portion	(22,500)	(23,415)	(22,095)
Refunded parking	-	-	(180)
Net revenue	<u>552,500</u>	<u>521,673</u>	<u>540,080</u>
Expenses			
Depreciation	33,060	33,064	33,064
Snow removal	25,000	21,800	21,800
Security	35,000	39,200	36,467
Repairs and maintenance	<u>25,000</u>	<u>23,998</u>	<u>23,226</u>
	<u>118,060</u>	<u>118,062</u>	<u>114,557</u>
Net earnings	<u>\$ 434,440</u>	<u>\$ 403,611</u>	<u>\$ 425,523</u>

The Dartmouth General Hospital Charitable Foundation is leasing the land on which the parking facilities are located from the Dartmouth General Hospital, a site of NSHA, for a nominal amount, and are currently in the process of formalizing new lease terms. Additional parking facilities are being leased by the Foundation from the Province of Nova Scotia to February 28, 2019, for a nominal amount.

# Dartmouth General Hospital Charitable Foundation

## Notes to the financial statements

March 31, 2016

<b>10. Special events</b>		<b>2016</b>	<b>2015</b>
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
Revenue			
Auction & lobster dinner	\$ 175,000	\$ 172,679	159,234
Golf tournament	80,000	72,392	75,294
The affair event	30,000	220	21,652
	<u>285,000</u>	<u>245,291</u>	<u>256,180</u>
Expenses			
Auction & lobster dinner	45,000	49,472	38,796
Golf tournament	30,000	27,496	27,042
The affair event	10,000	-	8,945
	<u>85,000</u>	<u>76,968</u>	<u>74,783</u>
Net earnings	\$ 200,000	\$ 168,323	\$ 181,397

<b>11. Fundraising and office</b>		<b>2016</b>	<b>2015</b>
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
Advertising	\$ 8,000	\$ 4,913	\$ 5,990
Board expenses	5,000	3,527	1,070
Campaign readiness	50,000	2,252	127
Catering	1,200	1,042	945
Conferences	6,000	2,830	5,396
Courier	6,000	5,724	6,215
Direct mail	5,000	3,653	2,927
Donor recognition	-	1,504	-
Local travel	1,000	135	239
Memberships	2,500	1,944	1,866
Miscellaneous – fundraising & office	1,600	153	1,104
Newsletter	8,500	8,363	7,376
Office supplies	5,500	10,365	4,784
Postage	3,500	2,210	2,743
Printing	1,500	227	-
Software and hardware	1,000	1,265	1,035
Strategic planning	15,000	-	14,952
System maintenance	4,500	4,998	4,559
Telephone	2,200	1,861	2,373
Website and hosting	2,500	536	5,074
	<u>\$ 130,500</u>	<u>\$ 57,502</u>	<u>\$ 68,775</u>

<b>12. Miscellaneous</b>		<b>2016</b>	<b>2015</b>
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
Miscellaneous	\$ 3,000	\$ 2,484	\$ 5,318
Bank charges	12,500	10,232	10,974
Liability insurance	3,000	2,655	2,655
Recruitment	25,000	21,396	-
	<u>\$ 43,500</u>	<u>\$ 36,767</u>	<u>\$ 18,947</u>

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# Dartmouth General Hospital Charitable Foundation

## Notes to the financial statements

March 31, 2016

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### 13. Distributions

Distributions are amounts that have been committed by the Board of Directors to the Dartmouth General Hospital, a site of Capital Health, towards equipment purchases and other related capital expenditures. Included in the current year are distributions to fund, in the amount of \$3,555 (2015 - \$nil), the Dr. Gerald Burns Lecture.

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14. Supplemental cash flow information	<u>2016</u>	<u>2015</u>
<b>Change in non-cash operating working capital</b>		
Receivables	\$ (72,868)	\$ 28,215
Prepays	(3,665)	3,303
Payables and accruals	(24,624)	(160,843)
Deferred revenue	3,500	(10,700)
Payable to Nova Scotia Health Authority	<u>(105,611)</u>	<u>512,170</u>
	<u>\$ (203,268)</u>	<u>\$ 372,145</u>

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### 15. Inter-fund transfers

There were no inter-fund transfers that occurred during the year. The Foundation transfers resources between funds as determined by the requirements, and the available resources, for any given transaction.